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TAGS: [PGOV](#) [PREL](#) [KDEM](#) [HA](#)
SUBJECT: PREVAL ON INDEPENDENCE DAY: "PATIENCE, PLEASE"

REF: A. 07 PORT AU PRINCE 42

- [1](#)B. 07 PORT AU PRINCE 1294
- [1](#)C. 07 PORT AU PRINCE 1812
- [1](#)D. 07 PORT AU PRINCE 1989

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[1](#)1. (U) This message is sensitive but unclassified -- please protect accordingly.

Summary

[1](#)2. (U) President Rene Preval's annual January 1 Independence Day speech calling for patience and unity has met with a mixed reaction, some welcoming his recognition of the threat of unemployment and inflation, others criticizing him for lack of economic and development vision. Preval congratulated various government departments - police, customs, disarmament and justice - for their achievements in bolstering domestic security, increasing government revenue, and fighting corruption. For the first time in public, Preval acknowledged unemployment and the high cost of living as enduring challenges. He proposed a public-private partnership in rural small enterprises to remedy these ills. Preval concluded by appealing for national unity in Haiti's quest for political stability and economic development, and emphasized that these goals would take time to achieve. Political and civil society reaction to the speech has been largely negative, criticizing the lack of vision and the need for a concrete economic program. Business sources privately are more positive, welcoming his support for partnering with the private sector. The fact remains that Preval's overriding focus on domestic security and corruption has yet to be accompanied by a solid macroeconomic strategy. End summary.

Successes of 2007: Security, Justice and Anti-Corruption

[1](#)3. (U) Respecting past tradition, President Preval delivered his Independence Day speech in Gonaives, where Haitian independence was declared in 1804. A significant presence at the speech was visiting French Secretary of State for

Cooperation Jean-Marie Bockel. Preval started by spotlighting Haiti's deliverance from the general insecurity and lawlessness it had suffered since 2004. The Haitian National Police and MINUSTAH had dispersed armed gangs and improved the security situation of all Haitians. He singled out Haitian National Police Director Mario Andresol for his decisive role in that effort. Preval also congratulated the National Disarmament, Demobilization, and Reintegration Commission (CNDDR) and ''Artistes pour le Paix'' (Artists for Peace) for their contributions to peace and security. Citing ongoing kidnappings around the capital, he announced plans to build up the capacity of the HNP's anti-kidnapping unit.

¶4. (U) Turning to his second main policy priority, the fight against corruption and smuggling, Preval spotlighted additional government officials for praise. For the advance in combating smuggling and increasing GoH revenues, Preval congratulated Director of Customs Jean Jacques Valentin and the DGI (General Direction of Taxes) director Jean Frantz Richard. Preval announced GoH plans to present to Parliament in January a new law criminalizing tax evasion in an effort to help DGI increase tax revenue. Preval then thanked Port-au-Prince Chief Prosecutor Claudy Gassant for his efforts in the fight against corruption. He congratulated the Ministry of Justice, the Presidential Commission for Justice Reform, and the Parliament on the passage of justice reform legislation (ref B). He also thanked the Presidential Commission -- composed of several journalists -- charged with helping the government bring to justice those responsible for past murders of journalists.

Challenges for 2008: Unemployment and High Cost of Living

¶5. (U) Preval then turned to the challenges, identifying unemployment as the ''biggest'' problem in Haiti. Despite increased state revenue and ongoing international assistance,

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Preval conceded that the GoH in 2007 did not spend as much as it should have and asked Ministries to make a greater effort to disburse funds. However, he also blamed the private sector for the government's inability to follow through on projects. He particularly noted private construction firms' lack of capacity to complete GoH-funded projects. (Note: Lack of capacity in government ministries is another contributing factor in government failure to disburse available funds. End note.) Preval declared that ''national production'' is the answer to unemployment. He proposed small enterprise initiatives, including clothing manufacturing, fruit juice production, and fish farming using artificial lakes -- all with government financing. He also encouraged citizens to use state-owned land to construct cultural and sporting centers, claiming that parliamentarians would be happy to fund such projects. (Note: Here, Preval perpetuates the common belief that parliamentarians' principal role is to fund projects in their districts. End note.)

¶6. (U) Preval acknowledged inflation as another major public preoccupation. He laid inflation at the door of lack of jobs, rising world market prices, limited local competition, high Haitian port fees, and the lack of adequate electricity supplies. He said the GoH should consider allowing ''other investors'' (note: not clear whether he meant foreign or domestic - end note) to enter the market and import goods, causing both profit margins and prices to drop. (Note: Preval has made similar statements that high profit margins are behind high prices, angering some in the private sector. End note.) To lessen the impact of high prices, Preval urged the private sector to increase employee salaries, as the GoH has already done for state employees. He also chastised the National Port Authority (APN), saying APN must decrease the unreasonably high fees on imported goods in order to reduce the final selling price of those goods. The audience applauded this last comment. Finally, the President promised

that the soon-to-be-completed generators under construction in Port au Prince, Gonaives, and Cap Haitien would reduce the cost and increase the reliability of electricity. (Note: These are financed by the Government of Venezuela and being built with the help of Cuban technicians -- see ref D. End note.)

Closing Message: Unity and Patience

¶7. (U) Preval's address concluded with an appeal to the Haitian people not to allow unemployment, hunger and high prices to break the peace that "returned to Haiti in 2007." Declaring that the government and the parliament recognized the problems, he promised they would work to do better. He reminded the audience that there were no miracles "except from God," and that progress would be gradual. "Haitian people, these things are not easy," he said. Preval thanked Parliament, the private sector, unions, the political class and the Haitian people for their unity, asking them to continue their dialogue in the coming year.

Reactions Mixed

¶8. (U) Political and public reactions have been largely negative, highlighting Preval's lack of vision and of a strategic economic plan. Senator Youri Latortue (a native of Gonaives and leader of the "Artibonite in Action" political party who has presidential ambitions) said the President's speech merely promoted a few commercial products, while he should have better exposed the sorry state of the nation, particularly its dilapidated road network. "Alyans" deputy Noel Eliphete said the call for patience was unacceptable given the level of poverty, and urged the President to reshuffle his cabinet. Civil Society Initiative Executive Director Rosny Desroches decried the GoH's lack of vision, and called on the government and the President to "be more dynamic" in helping the private sector establish partnerships abroad. He believed the GoH should support the agricultural sector, especially rice production, at all costs. Political party leaders were also vocal in their

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criticism. "Union" leader Chavannes Jeune demanded a "government action plan" instead of vague hopes for the future. "Fusion" spokesperson Micha Gaillard demanded the President define an economic development program. Evans Paul of "Alyans" asked the government to propose solutions to increase national production and allow the nation to produce its own foodstuffs.

¶9. (SBU) Private sector reactions, all expressed in private, were more nuanced. American Chamber of Commerce President Bernard Fils-Aime (protect) told PolCouns the speech was a simple, honest assessment of where Haiti is and ought to go. Preval was justified in highlighting his government's achievements and persons responsible for them. Fils-Aime praised the President for honestly identifying the critical economic issues, thereby implicitly criticizing his own government. But Fils-Aime conceded the speech was short on economic policy recommendations, and passed over gaping shortcomings in education and health care. AmCham member Rene Max Auguste (protect) assessed the President's address as a fair, direct, and honest assessment -- although raising private sector wages was not the answer to rising prices. Prominent entrepreneur Reginald Boulos (protect), traditionally more critical of Preval than Fils-Aime, praised the President's call for unity and supported Preval's idea of a public-private sector partnership in job creation. Nevertheless, Boulos decried the "lack of substance" in the President's speech, and criticized as "demagoguery" the singling out of particular officials for praise. HOPE Commission Executive Director George Sassine was critical of the President's urging the private sector to follow the government's example and raise wages.

Comment

¶10. (SBU) Critics are correct that the President's speech failed to offer an economic vision or strategy. Nevertheless, this was the first time that Preval publicly acknowledged the threat of unemployment and inflation, ills that have increasingly intruded into political debate and that could become a factor in the upcoming Senate elections. After the successes on the domestic security front, the government must move to address economic development more directly, aggressively, and publicly. Without a more focused economic policy, calls for patience and unity will only feed further criticism of the type this Independence Day speech provoked.

SANDERSON